

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 7, 2000

IN RE:

GENERIC DOCKET TO ESTABLISH UNE PRICES
FOR LINE SHARING PER FCC 99-355, AND RISER
CABLE AND TERMINATING WIRE AS ORDERED
IN TRA DOCKET 98-00123

DOCKET NO.
00-00544

ORDER ADOPTING INTERIM RATES

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference held on September 26, 2000 upon the filing of interim rate proposals and comments by the parties.

On May 9, 2000, during a regularly scheduled Authority Conference, the Directors voted unanimously to open a generic docket for the purpose of establishing permanent UNE prices for line sharing per the Federal Communications Commission's ("FCC") *Line Sharing Order*¹ and permanent prices for riser cable and network terminating wire as per the Authority's Order in Docket No. 98-00123.² At that Conference, the Authority requested that all interested parties file cost studies, proposed permanent prices, and proposed terms and conditions for line sharing, riser cable, and network terminating wire elements by June 30, 2000. The Authority further directed

¹ *Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, FCC 99-355, CC Docket No. 98-147, 14 FCC Rcd. 20912 (December 9, 1999) (Third Report and Order).

² *Petition of NEXTLINK Tennessee LLC for Arbitration of Interconnection with BellSouth Telecommunications, Inc.*, Docket No. 98-00123, p. 7 (June 25, 1999) (Final Order of Arbitration).

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the parties that the cost studies, prices, terms, and conditions were to be consistent with the cost methodology adopted by the Authority in Docket No. 97-01262, the Permanent Prices docket,³ and the FCC's line sharing requirements. In addition, the Authority instructed all interested parties to file reply comments on the proposals by July 15, 2000. At a regularly scheduled Authority Conference on July 11, 2000, the Directors unanimously voted to appoint Director H. Lynn Greer as the Pre-Hearing Officer.

Numerous parties sought to intervene in this docket. Time Warner Telecom of the Mid-South, L.P. ("Time Warner") filed a petition to intervene on June 27, 2000. Petitions to intervene were also filed on June 30, 2000 by United Telephone-Southeast, Inc. ("United"), Sprint Communications Company, L.P. ("Sprint"), AT&T Communications of the South Central States, Inc. ("AT&T"), TCG MidSouth, Inc. ("TCG"), Telephone Data System Companies ("TDS"),⁴ Rhythm Links, Inc., MCI Telecommunications d/b/a MCI WorldCom ("MCI"), BellSouth Telecommunications, Inc. ("BellSouth"), NEXTLINK Tennessee, Inc. ("NEXTLINK"), BlueStar Networks, Inc. ("BlueStar"), and DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad"). Broadslate Networks of Tennessee, Inc. ("Broadslate") and Network Telephone Corporation ("Network Telephone") filed petitions to intervene on July 14, 2000.⁵

BellSouth Telecommunications, Inc. ("BellSouth") and UTSE/Sprint filed cost studies on June 30, 2000.⁶ Both cost studies contained terms and conditions for elements as required by the

³ *Petition of BellSouth Telecommunications, Inc. to Convene a Contested Case to Establish "Permanent Prices" for Interconnection and Unbundled Network Elements*, Docket No. 97-01262.

⁴ TDS includes Tennessee Telephone Co., Humphreys County Telephone Co., Concord Telephone Exchange, Inc., and Tellico Telephone Co.

⁵ Network Telephone filed a *Notice of Withdrawal* on September 26, 2000.

⁶ BellSouth did not file the proprietary portions of its cost study on June 30, 2000 because the parties had not entered into a proprietary agreement. The parties filed a proposed protective order on July 20, 2000, and, upon entry of the proposed order by the Pre-Hearing Officer, BellSouth filed the remaining portions of its cost study on July 21, 2000. Nevertheless, the date on the proprietary portions of BellSouth's cost study is June 30, 2000.

Authority. UTSE/Sprint's cost study, however, excluded costs for riser cable and network terminating wire because UTSE/Sprint claimed that its customers had not requested these loop sub-elements.

On July 11, 2000, BlueStar and Covad filed a *Motion to Expand Docket No. 00-00544 to Set Rates for Unbundled Copper Loops (UCLs), Loop Conditioning and Access to Loop Make-Up Information*.⁷ The motion to expand requested that the Pre-Hearing Officer set both permanent and interim rates. Also on July 11th, BlueStar, Covad, AT&T, TCG, and NEXTLINK filed a *Motion to Establish a Procedural Schedule and Motion to Extend the Deadline for Filing Reply Comments*. Broadslate and Network Telephone filed comments on July 14, 2000 in support of the motion to expand.

On August 10, 2000, the Pre-Hearing Officer issued an order reflecting the rulings made during a Pre-Hearing Conference held on August 3, 2000. In the Order, the Pre-Hearing Officer granted the interventions, ordered that interim rates be set, and established a procedural schedule to simplify the filing of proposed interim rates and responses thereto.⁸ In addition, the Pre-Hearing Officer granted BlueStar and Covad's motion to expand the docket to include unbundled copper loops ("UCLs"), loop conditioning, and access to loop makeup information as well as BellSouth's oral motion to expand the docket to include the *FCC UNE Remand Order*⁹ elements, but limited such expansion to those elements that are the subject of a pending arbitration.

⁷ An Unbundled Copper Loop ("UCL") is a two-wire analog voice grade loop for which BellSouth has investigated the loop make-up information and performed loop conditioning.

⁸ The Order stated that the Pre-Hearing Officer would set the interim rates. During the September 26, 2000 Authority Conference, the Pre-Hearing Officer corrected the August 10th Order by announcing that the Order should have stated that the Authority would set the interim rates.

⁹ *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, FCC 99-238, CC Docket No. 96-98, 15 FCC Red. 3696, (November 5, 1999) (Third Report and Order and Fourth Further Notice of Proposed Rule Making).

On August 14, 2000, Vectris Telecom, Inc. ("Vectris") filed a petition to intervene. On August 23, 2000, the Pre-Hearing Officer transmitted a letter to all parties requesting that any comments on the petition be filed no later than August 28, 2000. None of the parties filed comments. The Pre-Hearing Officer entered an order granting Vectris' petition on September 1, 2000.

On August 18, 2000, UTSE/Sprint filed its revised line sharing cost studies and interim rate proposals, and BellSouth, the Data Coalition,¹⁰ and collectively, MCI and Broadslate filed interim rate proposals. In addition, NEXTLINK and Time Warner filed joint comments adopting the comments and proposed rates filed by the Data Coalition for UCLs, loop conditioning, access to loop makeup information, line sharing, riser cable, and network terminating wire. They also adopted MCI's proposed interim rates for high capacity lines.

On August 25, 2000, BellSouth, the Data Coalition, MCI, NEXTLINK, and Time Warner filed comments on the proposals for interim rates. On September 5, 2000, BellSouth filed its supplemental reply. The Data Coalition filed its surrebuttal comments on September 6, 2000, and BellSouth filed its surreply on September 12, 2000.

Based on the filings and the parties' agreement on certain rates, the Authority unanimously finds that the interim rates set forth below¹¹ are reasonable and provide the requisite relief pending the setting of permanent rates.¹² Moreover, as to BellSouth's interim rate for the portion of the loop to be shared, the Authority unanimously finds that rates should be set in a manner that will prevent double recovery of loop costs. Finally, as to the riser cable, network

¹⁰ The Data Coalition includes DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad"), BlueStar Networks, Inc. ("BlueStar"), Broadslate Networks of Tennessee, Inc. ("Broadslate"), and Vectris Telecom, Inc. ("Vectris").

¹¹ See also, the chart attached as Exhibit 1.

¹² The parties have agreed that interim rates are subject to a true-up once permanent rates are set. *See Transcript of Proceedings*, p. 37-63 (Pre-Hearing Conference, August 3, 2000).

terminating wire, and *UNE Remand Order* elements, the Authority finds that interim rates will not be set because it is unclear which elements are to be priced and whether the elements are part of Docket No. 97-01262, the Permanent Prices docket.

I. Terms and Conditions for Line Sharing, Riser Cable, and Network Terminating Wire

The terms and conditions proposed by BellSouth and UTSE/Sprint in their respective regions are approved with two modifications. BellSouth shall amend its terms and conditions to allow CLECs to purchase and provide their own splitter, consistent with the FCC's *Line Sharing Order*.¹³ In addition, UTSE/Sprint shall propose terms and conditions for riser cable and network terminating wire. These terms and conditions should set out specific rates for riser cable and network terminating wire and standardize the ordering and provisioning process for all potential users of these elements.

II. Interim Rates for Line Sharing

The elements related to the rates for line sharing include the rates for the loop, loop conditioning, loop makeup information, line sharing splitter, cross connects, and Operational Support Systems ("OSS").

A. UTSE/Sprint

The Authority adopts the interim rates proposed by UTSE/Sprint for the portion of the loop to be shared, loop conditioning, loop qualification,¹⁴ OSS, cross connects, and splitters subject to a true-up when the Authority establishes permanent rates for these elements. These rates apply only to UTSE/Sprint's region in Tennessee.

¹³ *Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, FCC 99-355, CC Docket No. 98-147, 14 FCC Rcd. 20912, ¶ 147 (December 9, 1999) (Third Report and Order).

¹⁴ Loop qualification is UTSE's term for loop makeup information.

B. BellSouth

The Authority adopts the following interim rates for the loop, loop conditioning, loop makeup information, splitter, cross connects, and OSS subject to a true-up when the Authority establishes permanent rates.

For the loop, BellSouth shall charge \$0.00 in recurring and nonrecurring charges for sharing a local loop over which BellSouth provides analog voice service and a CLEC provides xDSL service. For a loop purchased by a CLEC to provide both analog voice service and xDSL service or in the event a CLEC wishes to continue providing xDSL services to a customer who terminates its ILEC provider's voice services, BellSouth shall charge the recurring rate of \$12.16 from the Tennessee "Amendment to the Agreement Between BlueStar Networks, Inc. and BellSouth Telecommunications, Inc. Dated December 28, 1999" and signed April 12 and 13, 2000. BellSouth shall charge the nonrecurring rates for a 2-wire analog voice grade loop, service level 1, proposed by the Data Coalition as interim rates for a stand-alone loop purchased by a CLEC when a CLEC provides both analog voice service and xDSL services or when a CLEC wishes to continue providing xDSL services to a customer who terminates its ILEC provided voice service. As for loop conditioning, BellSouth shall charge, as interim rates, the rates proposed by BellSouth for loop conditioning for unbundled loop modification.

Interim rates for loop makeup information fall into two categories; manual and electronic. The Authority adopts the rates proposed by BellSouth for electronically derived loop makeup information. For manually derived loop makeup information, the Authority adopts the rates contained in the Kentucky "Amendment to the Agreement Between BlueStar Networks, Inc. and BellSouth Telecommunications, Inc. Dated December 28, 1999" and signed May 9, 2000.

As for line sharing splitter, the Authority adopts the Tennessee first nonrecurring for “Line Sharing Splitter - per Line Activation - Central Office” and the first and additional nonrecurring for “Line Sharing Splitter - per Subsequent Activity per Line Rearrangement” contained in the “BlueStar Line Sharing Agreement, dated June 7, 2000”¹⁵ combined with the other rates proposed by BellSouth for line sharing. These rates for line sharing splitter include cost recovery for OSS modifications and cross connects.

III. Cost Studies

In addition to setting interim rates, the Authority, after reviewing the filings of the parties, offered further direction in the filing of its supplemental cost studies due October 2, 2000. First, BellSouth shall amend its cost studies for OSS cost recovery to include in its line sharing rates those reasonable incremental costs of OSS modification that are caused by the obligation to provide line sharing as an unbundled network element. Second, BellSouth shall amend its cost studies for cross connects so that the rates reflect clearly whether the splitter is located within the ILEC’s Main Distribution Frame. Third, BellSouth shall amend its cost studies for line sharing so that the rates reflect whether a CLEC provides a splitter in its own cage or in a common area of a central office and whether the CLEC is self-provisioned within its collocation space.

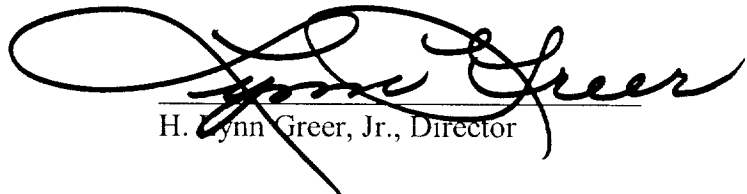
IT IS THEREFORE ORDERED THAT:

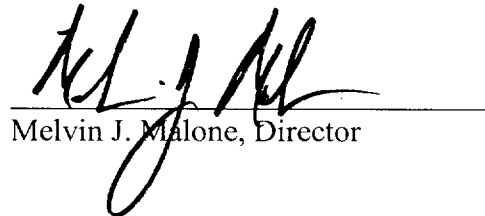
- 1) The interim rates set forth herein and as reflected in the attached chart, Exhibit #1, are adopted, and Exhibit #1 is incorporated in this Order by this reference;
- 2) BellSouth shall amend its supplemental cost study to conform with this order; and

¹⁵ See Exhibit 1, p. 2; *Comments of the Data Coalition in Support of Setting Interim Rates*, Exhibit 10 (August 18, 2000).

3) Any party aggrieved by this Order may file a Petition for Reconsideration pursuant to Tenn. Code Ann. § 4-5-317 with the Tennessee Regulatory Authority within fifteen (15) days of the entry of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

SPRINT/United Telephone-Southeast, Inc.: Interim Rates for Line Sharing Elements

Line Item	Rate Element Description	Filed Costs	
		MRC	NRC
1	Local Loop (when shared)	\$0.00	\$0.00
2	Loop qualification		\$30.49
3	Line Sharing		
	• CLEC provides splitter in own cage		
	Cost per 96-line splitter shelf	n/a	n/a
	OSS cost per shared line	\$1.01	
	Cross connects; 100 pr., MDF to collocation space	\$28.68	
	2 jumpers		\$19.54
	3 jumpers		\$25.41
	• CLEC provides splitter in common area of central office		
	Cost per 96-line splitter shelf	\$18.37	n/a
	OSS cost per shared line	\$1.01	
	Cross connects; 100 pr., MDF to collocation space	\$28.68	
	Cross connects; 100 pr., MDF to splitter Common Area	\$22.16	
	Cross connects; 100 pr., Splitter common area to Collocation Space	\$17.62	
	2 jumpers		\$19.54
	3 jumpers		\$25.41
4	Loop Conditioning – Per line, As applicable		
	Loops Less Than 18,000 Feet in Length Only,		
	Per digital-capable loop and/or line sharing line ordered, load coil removal		\$1.30
5	Loop Conditioning – Per Location , As Necessary		
	For the following per location charge, only one Engineering and Travel Charge is applied for each loop that requires any individual or combination of conditioning activities		
	Engineering Charge		\$30.29
	Travel Charge		\$12.34
	Load Coil Removal		
	Loops over 18,000 feet in length only		\$299.69
	Each Underground location		\$1.74
	Each additional Ug load coil, same time, location & cable		\$28.19
	Each Aerial location		\$1.68
	Each additional Ae load coil, same time, location & cable		\$28.19
	Each Buried location		\$1.68
	Each additional Bu load coil, same time, location & cable		
	Bridge Tap Removal		
	Each Underground location		\$298.30
	Each additional Ug load coil, same time, location & cable		\$0.35
	Each Aerial location		\$26.82
	Each additional Ae load coil, same time, location & cable		\$0.32
	Each Buried location		\$26.82
	Each additional Bu load coil, same time, location & cable		\$0.32
	Remove Repeater		
	Each Underground location		\$298.30
	Each additional Ug load coil, same time, location & cable		\$0.35
	Each Aerial location		\$26.82
	Each additional Ae load coil, same time, location & cable		\$0.32
	Each Buried location		\$26.82
	Each additional Bu load coil, same time, location & cable		\$0.32

EXHIBIT

#1

BellSouth Telecommunications, Inc.: Interim Rates for Line Sharing Elements

Line Item	Rate Element Description	Filed Costs		
		MRC	NRC 1st	NRC addtl
1	Local Loop (when shared) 2-Wire analog voice grade (SL1)	\$0.00 \$12.16	\$0.00 \$31.99	\$0.00 \$20.02
2	Line Sharing Line Sharing Splitter, per System 96 Line Capacity Line Sharing Splitter, per System 24 Line Capacity Line Sharing Splitter – per Line Activation – Central Office Line Sharing Splitter – per Subsequent Activity per Line Rearrangement	\$100.00 \$25.00 \$3.48	\$150.00 \$150.00 \$40.00 \$30.00	 \$21.39 \$15.00
3	Loop Conditioning Unbundled Loop Modification – Load Coil/Equipment Removal - Short Unbundled Loop Modification – Load Coil/Equip. Removal - Long Unbundled Loop Modification (ULM) – Bridged Tap Removal		\$65.40 \$710.71 \$ 65.44	 \$23.77
4	Loop Makeup (LMU) Mechanized Loop Makeup Manual Loop Makeup w/o Facility Reservation Number Manual Loop Makeup w/Facility Reservation Number	\$0.6888	\$100.00 \$100.00	